in the States to the orders of the British Government, and others that had been ordered by the Australian Government. The incident illustrated the complex issues which arose between our two countries during the War. Our own shipping was being rapidly sunk, and there was no question of increasing our mercantile marine, but merely of replacing a part of our war losses. But there were in the States powerful influences which had long been jealous of our shipping supremacy, and saw in the large shipbuilding orders we had placed there the menace of a still further increase in our mercantile fleet. While America was neutral there was no excuse for refusing our orders for ships. But as soon as she entered the War, they saw a good pretext for retaining these vessels under the American flag, by requisitioning them for the carriage of supplies and troops.

On 21st August, 1917, Lord Northcliffe sent me a long cable about this matter. It was as follows :—

"With reference to the threat of immediate confiscation of the ships building for us here, I should not interfere with a question properly concerning the Ambassador, but Spring-Rice is absent on holiday at Woodshole, Mass.

A crisis has now been reached in the situation.

The *War Sword* at the Union Iron

America commandeers ships built for us

Northcliffe cable

Works, San Francisco, is one of our steamers and will be ready for delivery on Saturday. Food-stuffs and fuel oil have been procured as cargo for her and are waiting to be put on board. Her skipper and officers were sent out from England and they are now ready to join the ship.